

Filing at a Glance

Company: New Hampshire Insurance Company

Product Name: Total Body Pac Professional SERFF Tr Num: AGNY-125083450 State: Arkansas

Liability Program

TOI: 17.2 Other Liability - Occurrence Only

SERFF Status: Closed

State Tr Num: AR-PC-07-022757

Sub-TOI: 17.2019 Professional Errors &

Co Tr Num: AIC-06-EO-24

State Status:

Omissions Liability

Filing Type: Rate

Co Status:

Reviewer(s): Michelle Fahey, Betty

Montesi, Edith Roberts

Author: Myron Harry

Disposition Date: 07-09-2007

Date Submitted: 01-17-2007

Disposition Status: Filed

Effective Date Requested (New): 02-20-2007

Effective Date (New):

Effective Date Requested (Renewal):

Effective Date (Renewal):

General Information

Project Name: Total Body Pac Professional Liability Program

Status of Filing in Domicile: Not Filed

Project Number: AIC-06-EO-24

Domicile Status Comments:

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 07-09-2007

State Status Changed:

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

The above-referenced company (the Company) has on file with your Department its Total Body Pac Professional Liability Program (the Program). The Company submits for your review and approval its proposed base rate change for this Program. Please be advised that this filing replaces the rates currently on file with your Department.

Please refer to the attached explanatory memorandum and actuarial materials for information about the rates included in this submission.

Company and Contact

Filing Contact Information

Myron Harry,

myron.harry@aig.com

175 Water Street - 17th Floor

(212) 458-7057 [Phone]

New York, NY 10038

(212) 458-7077[FAX]

Filing Company Information

New Hampshire Insurance Company
70 Pine Street
New York, NY 10270
(212) 770-7000 ext. [Phone]

CoCode: 23841
Group Code:
Group Name:
FEIN Number: 02-0172170

State of Domicile: Pennsylvania
Company Type:
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation:
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
00092580	\$100.00	01-03-2007

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	07-09-2007	07-09-2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Edith Roberts	06-26-2007	06-26-2007	Myron Harry	07-02-2007	07-02-2007
Pending Industry Response	Edith Roberts	04-30-2007	04-30-2007	Myron Harry	05-09-2007	05-09-2007
Pending Industry Response	Edith Roberts	04-18-2007	04-18-2007	Myron Harry	04-24-2007	04-24-2007
Pending Industry Response	Edith Roberts	01-30-2007	01-30-2007	Myron Harry	03-06-2007	03-06-2007

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Rate Pages 1 Supporting Document & 2 (12/06) and Actuarial Support		Myron Harry	01-22-2007	01-22-2007

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Total Body Pac Professional Liability Program - AIC-06-EO-24	Note To Reviewer	Myron Harry	06-12-2007	06-12-2007

Total Body Pac Professional Liability Program - AIC-06-EO-24	Note To Reviewer	Myron Harry	05-23-2007 05-23-2007
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Total Body Pac Professional Liability Program - AIC-06-EO-24	Note To Reviewer	Myron Harry	04-06-2007 04-06-2007
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Disposition

Disposition Date: 07-09-2007

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment: +25% revised rate revision granted. Thank you.

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
New Hampshire Insurance Company	114.900%	\$65,698	69	\$57,174	153.200%	0.000%	0.000%

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Rate Pages 1 & 2 (12/06) and Actuarial Support	Filed	Yes
Supporting Document	Revised Explanatory Memorandum, Actuarial Exhibits and Revised Rate Pages	Filed	Yes
Supporting Document	PC RLC Form	Filed	Yes
Supporting Document	Revised Rate Page	Filed	Yes
Rate	Total Body Pac Rate Pages	Filed	Yes

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 06-26-2007

Submitted Date 06-26-2007

Dear Myron Harry,

This will acknowledge receipt of the captioned filing.

The maximum rate increase that we will allow is +25% based on the Countrywide data presented, since AR is not credible. However, do to the minimal losses in AR, we cannot allow the full +58% requested. Please advise if this is satisfactory.

You may wish to request the additional percentage increase in one year for our review and consideration.

Please advise.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State

Response Letter Date 07-02-2007

Submitted Date 07-02-2007

Dear Edith Roberts,

Comments:

Response 1

Comments: Ms. Roberts,

In response to your comment, we hereby accept an overall base rate increase of +25%. We have attached a revised rate page to reflect this change.

We trust that with this response you can continue with a favorable review of our filing.

Supporting Document Schedule Item Changes

Satisfied -Name: Revised Rate Page

Comment: Attached please find a Revised Rate Page.

No Form Schedule items changed.

No Rate/Rule Schedule Item Changes

Sincerely,
Myron Harry

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 04-30-2007

Submitted Date 04-30-2007

Dear Myron Harry,

This will acknowledge receipt of your filing note.

The PC RLC form replaced the RF-1 form. In the areas regarding loss costs, please indicate not applicable (N/A).

Thanks,

Edith

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State

Response Letter Date 05-09-2007

Submitted Date 05-09-2007

Dear Edith Roberts,

Comments:

Response 1

Comments: In response to your request, please find a completed PC RLC Form.

Supporting Document Schedule Item Changes

Satisfied -Name: PC RLC Form

Comment: Attached please find a PC RLC Form.

No Form Schedule items changed.

No Rate/Rule Schedule Item Changes

Sincerely,

Myron Harry

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 04-18-2007

Submitted Date 04-18-2007

Dear Myron Harry,

Additionally, Form PC-RLC is required under Rule & Regulation 23. This form may be accessed here:

<http://www.insurance.arkansas.gov/PandC/RR23Forms/FORM%20RF-1%20Rate%20Filing%20Abstract.doc>

Please chose RF-1 which will direct you to Form PC RLC.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State

Response Letter Date 04-24-2007

Submitted Date 04-24-2007

Dear Edith Roberts,

Comments:

Response 1

Comments: In response to your request to complete form PC RLC, please note that our submitted filing is an Independent Rate Filing. Form PC RLC seems to be for a Loss Cost filing, could you please advise us as to if we need to complete this form for our filing.

Thank you.

No Supporting Documents have changed.

No Form Schedule items changed.

No Rate/Rule Schedule Item Changes

Sincerely,

Myron Harry

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01-30-2007

Submitted Date 01-30-2007

Dear Myron Harry,

This will acknowledge receipt of the captioned filing.

The actuarial statistics for AR does not justify a rate increase of !14%. Though the number of policyholders may make AR loss data less credible than countrywide, there is no justification for an increase of this amount.

Please re-file with more appropriate percentages.

Please feel free to contact me if you have questions.

Edith Roberts

Sr. Certified Rate and Form Analyst

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State

Response Letter Date 03-06-2007

Submitted Date 03-06-2007

Dear Edith Roberts,

Comments:

Response 1

Comments: This filing has been updated to apply full weight to the trended expected loss ratio, removing the weight given to countrywide experience. With this change the overall rate indication becomes 58.4%.

Supporting Document Schedule Item Changes

Satisfied -Name: Revised Explanatory Memorandum, Actuarial Exhibits and Revised Rate Pages

Comment: Attached please find a revised Explanatory Memorandum, Actuarial Exhibits, and revised Rate Pages.

No Form Schedule items changed.

No Rate/Rule Schedule Item Changes

Sincerely,

Myron Harry

Note To Reviewer

Created By:

Myron Harry on 06-12-2007 02:50 PM

Subject:

Total Body Pac Professional Liability Program - AIC-06-EO-24

Comments:

Ms. Roberts,

Could we please have the status of the above-referenced filing. Thank you.

Note To Reviewer

Created By:

Myron Harry on 05-23-2007 11:44 AM

Subject:

Total Body Pac Professional Liability Program - AIC-06-EO-24

Comments:

Ms. Roberts,

Could we please have the status of the above-referenced filing. Thank you.

Note To Reviewer

Created By:

Myron Harry on 04-06-2007 03:16 PM

Subject:

Total Body Pac Professional Liability Program - AIC-06-EO-24

Comments:

Ms. Roberts,

Could we have the status of the above-referenced filing. Thank you.

Amendment Letter

Amendment Date:

Submitted Date: 01-22-2007

Comments:

Attached please find Rate Pages and Actuarial support which was inadvertently omitted on our initial filing.

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: Rate Pages 1 & 2 (12/06) and Actuarial Support

Comment:

12-29-06 AR TBP-Rate Page.pdf

12-27-06 AR Actuarial Exhibits.pdf

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

15.000%

Effective Date of Last Rate Revision:

04-15-2002

Filing Method of Last Filing:

Prior Approval

Company Rate Information

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
New Hampshire Insurance Company	114.900%	\$65,698	69	\$57,174	153.200%	0.000%	0.000%

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Total Body Pac Rate Pages	Rate Pages 1 & Replacement 2 (12-06)		12-29-06 TBP-Rate Page.pdf

**NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
ARKANSAS**

I. Base Rates

<u>Classification</u>	<u>Per Person</u>
Aesthetician	\$400
Masseuse	\$400
Body Wrap Technicians	\$400
Manicurist	\$200
Beauticians	\$200
Electrologists	\$353
Pilates Instructor	\$200
Yoga Instructor	\$200
Fitness Instructor	\$200
Aerobic Instructor	\$200
Tattoo Artist	\$832
Body Piercing	\$832
Micropigmentation Artist	\$1,067
Micropigmentation Trainer	\$2,667
Student - Micropigmentation, Aestheticians or Electrologist	\$77

II. Additional Charges

<u>Classification</u>	<u>Rate Per Unit</u>
Tanning Beds/Booths	\$400
Hydrotherapy Table/Tub	\$200
Exercise Equipment	\$200

III. Additional Coverages

<u>Description</u>	<u>Factor</u>
Prior Acts Coverage	1.50

IV. Limits of Liability and Deductibles

<u>Limits of Liability</u>	<u>Factor</u>
\$500,000/\$500,000	0.758
\$1,000,000/\$2,000,000	1.000

<u>Deductibles</u>	<u>Factor</u>
\$1,000	0.92
\$2,500	0.88
\$5,000	0.80

Minimum Deductibles:

<u>Classification</u>	<u>Deductible</u>
Micropigmentation	\$100
Body Piercing	\$100
Tattoo	\$250

Supporting Document Schedules

Bypassed -Name:	Uniform Transmittal Document- Property & Casualty	Review Status:	Filed	07-09-2007
Bypass Reason:	N/A for this filing			
Comments:				
Bypassed -Name:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Review Status:	Filed	07-09-2007
Bypass Reason:	N/A for this filing			
Comments:				
Bypassed -Name:	NAIC loss cost data entry document	Review Status:	Filed	07-09-2007
Bypass Reason:	N/A for this filing			
Comments:				
Satisfied -Name:	Rate Pages 1 & 2 (12/06) and Actuarial Support	Review Status:	Filed	07-09-2007
Comments:				
Attachments:				
	12-29-06 AR TBP-Rate Page.pdf			
	12-27-06 AR Actuarial Exhibits.pdf			
Satisfied -Name:	Revised Explanatory Memorandum, Actuarial Exhibits and Revised Rate Pages	Review Status:	Filed	07-09-2007
Comments:				
	Attached please find a revised Explanatory Memorandum, Actuarial Exhibits, and revised Rate Pages.			
Attachments:				
	02-27-07 AR Revised Exp Memo and Actuarial Exhibits.pdf			
	02-27-07 AR-TBP Revised Rate Pages1.pdf			
Satisfied -Name:	PC RLC Form	Review Status:	Filed	07-09-2007
Comments:				
	Attached please find a PC RLC Form.			
Attachment:				

05-08-07 AR PC RLC Form.pdf

Review Status:

Filed

07-09-2007

Satisfied -Name: Revised Rate Page

Comments:

Attached please find a Revised Rate Page.

Attachment:

06-29-07 AR TBP-Rate Page Revised 06-20071.pdf

**NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
ARKANSAS**

I. Base Rates

<u>Classification</u>	<u>Per Person</u>
Aesthetician	\$400
Masseuse	\$400
Body Wrap Technicians	\$400
Manicurist	\$200
Beauticians	\$200
Electrologists	\$353
Pilates Instructor	\$200
Yoga Instructor	\$200
Fitness Instructor	\$200
Aerobic Instructor	\$200
Tattoo Artist	\$832
Body Piercing	\$832
Micropigmentation Artist	\$1,067
Micropigmentation Trainer	\$2,667
Student - Micropigmentation, Aestheticians or Electrologist	\$77

II. Additional Charges

<u>Classification</u>	<u>Rate Per Unit</u>
Tanning Beds/Booths	\$400
Hydrotherapy Table/Tub	\$200
Exercise Equipment	\$200

III. Additional Coverages

<u>Description</u>	<u>Factor</u>
Prior Acts Coverage	1.50

IV. Limits of Liability and Deductibles

<u>Limits of Liability</u>	<u>Factor</u>
\$500,000/\$500,000	0.758
\$1,000,000/\$2,000,000	1.000

<u>Deductibles</u>	<u>Factor</u>
\$1,000	0.92
\$2,500	0.88
\$5,000	0.80

Minimum Deductibles:

<u>Classification</u>	<u>Deductible</u>
Micropigmentation	\$100
Body Piercing	\$100
Tattoo	\$250

TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE

V. Rate Modification Factors

1. Micropigmentation Coverage Only: If the applicant provides with their application a copy of the certificate of graduation from a recognized school they will qualify for a 10% discount on their professional liability premium. Since the schools tend to change with some frequency, the Program Administrator and Company will maintain a list.
2. Body Piercing Coverage Only: If the applicant is a member of the Association of Professional Piercers, they will qualify for a 10% discount on their professional liability premium.
3. Tattoo Coverage Only: If the applicant is a member of the Association of Professional Tattooists, they will qualify for a 10% discount on their professional liability premium.

VI. Schedule Rating

Claims Frequency	.75 - 1.25
Claims Severity	.75 - 1.25
Laundry Service Used	.90 - 1.10
Private Label Products Used	.90 - 1.10
Longevity of Business	.80 - 1.20
Continuing Education	.90 - 1.10
Staff: Receipts Ratio	.85 - 1.15
Client Visit Records	.90 - 1.10

Maximum Debit/Credit 25%

VII. Minimum Policy Premium

Individuals Policy	\$250
Entity Policy	\$500

**NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE**

**Explanatory Memorandum
ARKANSAS**

New Hampshire Insurance Company is proposing to increase rates for Total Body Pac Professional Liability Insurance. The overall rate impact of the proposed changes is 114.9%.

Exhibit 1: *CALCULATION OF INDICATED RATE LEVEL CHANGE*

Ultimate developed, trended and on-level results are shown for countrywide and state loss experience for this program. Countrywide and state earned premiums have been adjusted to the state's present rate level by using the standard parallelogram method. Incurred Losses and LAE are trended to one year past the proposed effective date, in order to reflect changes in frequency and severity subsequent to the experience period. The indicated rate level change is based on a comparison of the credibility weighted loss ratio to the expected loss ratio. An offset for investment income is applied to the calculation of the target profit & contingency. The calculation of profit is based on the company's target rate of return of 15%.

Exhibit 2: *DEVELOPMENT OF REPORTED INCURRED LOSS AND LAE TO ULTIMATE*

Countrywide and state calculation of ultimate loss and LAE ratios are shown for the most recent five years. Ratios are based on calendar year earned premiums and accident year ultimate loss and LAE, including unallocated LAE (ex. 6).

Exhibit 3: *INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT*

Accident Year Loss and Allocated Loss Adjustment Expense experience for Total Body Pac Professional Liability Insurance is shown as of 9/2006, along with age to age factors and the corresponding age to ultimate development factors (exhibit 3A). Due to the volatility of the loss development data for this program, a larger database is used to select loss development factors. This is appropriate because of the homogenous nature of these claims, as well as the fact that they are all handled by the same claims specialists. In addition the program specific experience is included in exhibit 3A. These factors are then applied to the countrywide (exhibit 3B) and state (exhibit 3C) loss experience for Total Body Pac Professional Liability Insurance.

Exhibit 4: *TREND ANALYSIS*

Calculation of annual frequency/severity trend is based on the most recent policy year experience for Miscellaneous Professional Liability. The least squares method has been used to measure the average change in frequency and severity. The trend period extends from the midpoint of each accident year to one year beyond the assumed effective date.

Exhibit 5: *EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO*

Expense provisions are based on the expenses found for New Hampshire Insurance Company in the Other Liability Insurance Expense Exhibit. The commission expense is program specific. The expected loss & lae ratio is the complement of the total expenses and profit load. The profit & contingency factor has been calculated based on a target rate of return on equity of 15%.

Exhibit 6: *DETERMINATION OF UNALLOCATED LOSS ADJUSTMENT EXPENSE FACTOR*

The unallocated loss adjustment expense provision is determined using data from the Company cost statements for the five most recent years. The factor is expressed as a percentage of total incurred losses and allocated loss adjustment expense.

Exhibit 7: *INVESTMENT INCOME EXHIBITS*

The investment income exhibits are based on American Home/ National Union/ New Hampshire Group's Annual Statement experience and incorporate the premium and program expense provisions to determine an indicated investment income offset. The calendar year method was used to determine investment income.

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ IN 000'S)
DETERMINATION OF RATE LEVEL INDICATION

Exhibit 1

ARKANSAS

		(1)	(2)	(3)=(2)/(1)	(4)	(5)=(3)*(4)	
	Accident Year	Total Limits Premium at Present Rates (Note A)	Total Limits Ultimate Loss & LAE (Exhibit 2)	Ultimate Loss & LAE Ratio	Trend Factor (Exhibit 4) (Note B)	Trended Loss & LAE Ratio	Weight
	COUNTRYWIDE						
(1)	2001	1,772	2,209	1.246	1.888	2.353	0.10
(2)	2002	2,370	2,589	1.092	1.716	1.875	0.15
(3)	2003	2,945	7,248	2.461	1.560	3.840	0.20
(4)	2004	2,922	3,402	1.165	1.418	1.652	0.25
(5)	2005	2,957	1,988 (E)	0.672	1.289	0.867	0.30

ARKANSAS

(1)	2001	5	0	0.000	1.888	0.000	0.10
(2)	2002	8	0	0.000	1.716	0.000	0.15
(3)	2003	14	0	0.000	1.560	0.000	0.20
(4)	2004	11	0	0.000	1.418	0.000	0.25
(5)	2005	10	5 (E)	0.455	1.289	0.586	0.30

ARKANSAS CW

(6)	Weighted Average Ultimate Trended Loss and LAE Ratio	0.176	1.957
(6a)	Credibility Weights (Note C):	0.000	0.878
(6b)	Credibility Weighted Ultimate Loss & LAE Ratio (Note D):	1.856	
(7)	Target Loss & LAE Ratio [Exhibit 5]	0.714	
(8)	Indicated Rate Level Change [(6b)/7] - 1	160.1%	
(9)	Selected Rate Level Change	114.9%	

NOTES:

- (A) The calculation of premium at present rates is done using the parallelogram method.
 (B) Trend periods extend from the midpoint of each accident year to one year past the assumed effective date. (Exh 4).
 (C) The credibility standard is 683 claims for the experience period.
 State Credibility = Square Root(Sum of state claims/683)
 CW Credibility = Square Root(Sum of CW claims/683)
 (D) Credibility Weighted Ultimate Loss & LAE Ratio =
 [State(6)*State(6a) + CW(6)*CW(6a) + {1 - State (6a) - CW(6a)} * Trended ELR]
 (E) Bornheutter-Ferguson Methodology used to develop ultimate loss & lae, i.e.,
 Ultimate Loss & LAE=EPXELRX[1-1/LDF] + reported incurred loss & lae

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ in 000'S)
ARKANSAS

Exhibit 1A

Derivation of the Overall Rate Change

	(1) Average Current Rate	(2) Proposed Rate	(3) Percentage Increase	(4) Countrywide Written Premium	(5) Premium Weight
Tattoo Artist	797	832	4.4%	N/A	
Body Piercing	683	832	21.8%	N/A	
Tattoo Artist/Body Piercing (Combined)*	740	832	12.4%	242	9.4%
Micropigmentation Artist	525	1067	103.2%	1,147	44.5%
Electrologists	158	353	123.2%	129	5.0%
Aestheticians	158	400	153.2%	514	19.9%
Masseuse	158	400	153.2%	386	15.0%
Beauticians/Manicurist	87	200	131.2%	162	6.3%

Overall Rate change **115%**

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ IN 000'S)

Exhibit 2

DETERMINATION OF ULTIMATE LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS

ARKANSAS

Accident Year	(1) Total Limits Earned Premium	(2) Total Limits Reported Incurred Loss & ALAE (Exhibit 3B)	(3) Loss Development Factors (Exhibit 3A)	(4)=(2)*(3) Ultimate Loss & L.A.E. (Incl. 0.6% Unalloc L.A.E.)	(5)=(4)/(1) Ultimate Loss & L.A.E. Ratio
COUNTRYWIDE					
2001	1,546	1,879	1.168	2,209	1.428
2002	2,105	2,061	1.248	2,589	1.230
2003	2,828	5,106	1.411	7,248	2.563
2004	2,904	1,914	1.767	3,402	1.172
2005	2,956	640	2.726	1,756	0.594
Total	12,339	11,600		17,204	1.394

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2001	5	0	1.168	0	0.000
2002	7	0	1.248	0	0.000
2003	14	0	1.411	0	0.000
2004	11	0	1.767	0	0.000
2005	10	0	2.726	0	0.000
Total	47	0		0	0.000

NEW HAMPSHIRE INSURANCE COMPANY
MISCELLANEOUS PROFESSIONAL LIABILITY
(\$ in 000'S)
COUNTRYWIDE

Exhibit 3A

TOTAL LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 9/2006

Accident Year	9	21	33	45	57	69	81	93	105	117	129	141	153	165	177	189	201	213	225	237
1987	314	3,760	9,018	12,492	16,267	17,393	18,421	21,455	21,719	21,713	21,794	22,253	22,431	22,965	22,906	22,764	22,875	22,881	22,882	22,882
1988	917	5,151	10,307	15,934	21,694	23,077	25,159	26,206	27,164	27,310	27,697	28,174	28,413	28,321	28,360	28,329	28,306	28,299	28,300	
1989	1,784	7,255	13,164	19,698	21,769	22,573	23,628	24,180	24,886	25,358	25,602	25,698	25,801	25,846	25,832	25,833	25,846	25,850		
1990	848	5,561	12,524	18,085	19,520	20,621	22,871	23,358	23,355	23,447	23,281	23,306	24,055	24,251	26,117	26,084	26,084			
1991	1,427	6,212	13,612	15,662	17,566	19,905	19,878	20,193	19,502	19,870	19,955	20,420	21,717	23,284	26,343	20,541				
1992	1,732	10,485	15,144	17,983	18,790	20,175	20,342	20,525	20,476	20,997	21,273	21,271	21,328	21,288	21,716					
1993	3,493	11,155	14,513	18,244	17,074	16,795	16,305	17,224	17,740	18,058	18,695	18,704	19,647	19,628						
1994	5,181	16,330	23,995	35,326	37,803	38,592	43,358	42,832	43,043	42,698	42,671	42,667	42,673							
1995	4,020	12,432	20,625	24,067	26,611	29,123	29,424	29,957	30,564	34,476	35,039	34,929								
1996	3,618	10,379	14,624	19,557	20,684	22,126	22,279	22,071	22,041	21,954	22,034									
1997	3,847	12,178	16,625	21,161	21,107	22,150	22,065	23,526	23,686	23,764										
1998	4,298	14,084	20,042	24,413	32,675	34,571	36,054	36,472	36,103											
1999	4,498	13,574	19,363	25,025	26,705	29,282	30,203	31,204												
2000	5,058	17,578	27,836	32,145	35,928	38,697	40,279													
2001	11,148	29,423	42,309	49,472	55,799	58,563														
2002	13,381	34,565	49,331	66,644	75,865															
2003	11,990	37,223	66,331	81,729																
2004	19,508	57,616	83,954																	
2005	28,417	80,825																		
2006	30,974																			

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT

Accident Year	9-21	21-33	33-45	45-57	57-69	69-81	81-93	93-105	105-117	117-129	129-141	141-153	153-165	165-177	177-189	189-201	201-213	213-225	225-237
1987	11.975	2.398	1.385	1.302	1.069	1.059	1.165	1.012	1.000	1.004	1.021	1.008	1.024	0.997	0.994	1.005	1.000	1.000	1.000
1988	5.617	2.001	1.546	1.361	1.064	1.090	1.042	1.037	1.005	1.014	1.017	1.008	0.997	1.001	0.999	0.999	1.000	1.000	
1989	4.067	1.814	1.496	1.105	1.037	1.047	1.023	1.029	1.019	1.010	1.004	1.004	1.002	0.999	1.000	1.001	1.000		
1990	6.558	2.252	1.444	1.079	1.056	1.109	1.021	1.000	1.004	0.993	1.001	1.032	1.008	1.077	0.999	1.000			
1991	4.353	2.191	1.151	1.122	1.133	0.999	1.016	0.966	1.019	1.004	1.023	1.064	1.072	1.131	0.780				
1992	6.054	1.444	1.187	1.045	1.074	1.008	1.009	0.998	1.025	1.013	1.000	1.003	0.998	1.020					
1993	3.194	1.301	1.257	0.936	0.984	0.971	1.056	1.030	1.018	1.035	1.000	1.050	0.999						
1994	3.152	1.469	1.472	1.070	1.021	1.123	0.988	1.005	0.992	0.999	1.000	1.000							
1995	3.093	1.659	1.167	1.106	1.094	1.010	1.018	1.020	1.128	1.016	0.997								
1996	2.869	1.409	1.337	1.058	1.070	1.007	0.991	0.999	0.996	1.004									
1997	3.166	1.365	1.273	0.997	1.049	0.996	1.066	1.007	1.003										
1998	3.277	1.423	1.218	1.338	1.058	1.043	1.012	0.990											
1999	3.018	1.426	1.292	1.067	1.096	1.031	1.033												
2000	3.475	1.584	1.155	1.118	1.077	1.041													
2001	2.639	1.438	1.169	1.128	1.050														
2002	2.583	1.427	1.351	1.138															
2003	3.105	1.782	1.232																
2004	2.953	1.457																	
2005	2.844																		
Weighted Average	3.075	1.552	1.278	1.120	1.061	1.043	1.028	1.007	1.020	1.008	1.006	1.018	1.013	1.036	0.954	1.001	1.000	1.000	1.000
4 Yr Wtd Average	2.868	1.523	1.238	1.121	1.066	1.031	1.024	1.003	1.030	1.011	0.999	1.022	1.020	1.056	0.945	1.001			
3 Yr Wtd Average	2.932	1.543	1.252	1.130	1.068	1.039	1.033	0.997	1.051	1.006	0.999	1.012	1.024	1.078	0.925	1.000	1.000		
2 Yr Wtd Average	2.889	1.585	1.283	1.134	1.060	1.037	1.021	0.997	1.000	1.011	0.999	1.015	0.999	1.078	0.889	1.000	1.000	1.000	
Selected Age-to-Age Ultimate Factors		1.543	1.252	1.130	1.068	1.039	1.033	0.997	1.051	1.006	0.999	1.012	1.024	1.078	0.925	1.000	1.000	1.000	1.000
		2.726	1.767	1.411	1.248	1.168	1.125	1.089	1.092	1.039	1.033	1.034	1.021	0.997	0.925	1.000	1.000	1.000	

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ in 000'S)
COUNTRYWIDE

Exhibit 3B

TOTAL LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 9/2006

Accident Year	9	21	33	45	57	69	81	93	105	117
1997	0	0	0	0	0	0	0	0	0	0
1998	2	19	69	188	215	216	216	216	216	
1999	28	153	578	1,019	1,703	1,839	1,826	1,826		
2000	50	546	1,815	1,370	1,207	1,187	1,188			
2001	1,976	900	1,007	1,703	1,880	1,879				
2002	200	656	1,157	1,838	2,061					
2003	268	1,244	3,082	5,106						
2004	365	1,077	1,914							
2005	201	640								
2006	299									

1999

Accident Year	34565	49331	66644	75865	0	0	0	0	0
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	12.498	3.612	2.709	1.143	1.009	1.000	1.000	1.000	
1999	5.421	3.785	1.761	1.672	1.079	0.993	1.000		
2000	10.882	3.325	0.755	0.881	0.983	1.000			
2001	0.456	1.118	1.691	1.104	1.000				
2002	3.287	1.763	1.589	1.122					
2003	4.642	2.479	1.656						
2004	2.952	1.777							
2005	3.186								
2006									
4 Yr Average	3.501	1.847	1.419	1.155	1.023	0.996			
3 Yr Average	3.552	2.067	1.648	1.048	1.024	0.996	1.000		
2 Yr Average	3.035	2.153	1.638	1.113	0.993	0.996	1.000	1.000	

Exhibit 3C

TOTAL LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 9/2006[illegible][illegible]

American Home/National Union/New Hampshire Group

Exhibit 4

MISCELLANEOUS PROFESSIONAL LIABILITY Calculation of Annual Trend Factor

Countrywide as of 9/2006

Total Limits Frequency Trend

(1)	(2)	(3)	(2)/(3)	(4)
Policy Year	Ultimate Closed Claims	Number of Policies	Closed Claims Per 100 Policies	Exponential Curve of Best Fit
1995	1,176	77,494	1.51754	1.29563
1996	1,066	78,297	1.36157	1.46477
1997	1,256	79,929	1.57202	1.65598
1998	1,356	80,654	1.68135	1.87215
1999	1,524	82,492	1.84753	2.11655
2000	2,242	86,801	2.58275	2.39284
2001	2,892	90,541	3.19400	2.70521
2002	3,116	94,400	3.30074	3.05835
2003	3,070	98,684	3.11055	3.45759
2004	4,730	121,309	3.89907	3.90895

Average Annual Change in Claim Frequency [R Squared = 0.91626552] 13.05%

Selected Annual Frequency Trend 10.00%

Total Limits Severity Trend

(1)	(2)	(3)	(3)/(2)	(4)
Policy Year	Ultimate Closed Claims	Ultimate Paid Losses	Ultimate Paid Losses per Claim	Exponential Curve of Best Fit
1995	1,176	16,843,538	14322.7	12908.3
1996	1,066	12,444,497	11673.3	13439.0
1997	1,256	17,828,237	14188.8	13991.5
1998	1,356	24,221,183	17861.2	14566.8
1999	1,524	20,071,413	13169.7	15165.7
2000	2,242	31,268,750	13947.7	15789.2
2001	2,892	41,473,373	14341.3	16438.4
2002	3,116	63,437,785	20359.4	17114.2
2003	3,070	62,501,204	20361.2	17817.9
2004	4,730	80,472,660	17013.5	18550.4

Average Annual Change in Claim Severity [R Squared = 0.42424054] 4.11%

Selected Annual Severity Trend 0.00%

OVERALL COMBINED TREND [Frequency x Severity] 10.00%

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE

Exhibit 5

Derivation of Expected Loss Ratio

(1) Target rate of return on equity			15.0%
(2) Premium to Surplus Ratio			129.0%
(3) Target rate of return on premium			11.6%
[(1)/(2)]			
(4) Rate of return on premium			9.9%
(5) Target underwriting profit (loss)			2.6%
[(3)-(4)/.65]			
(6) Total Expenses			26.0%
	a. Commissions	17.00%	
	b. Other Acquisition	4.93%	
	c. General Expenses	1.89%	
	d. Taxes, Licenses & Fees	2.20%	
<hr/>			
(7) Expected Loss Ratio			71.4%
[1-(6)-(5)]			

AMERICAN HOME/NATIONAL UNION/NEW HAMPSHIRE GROUP

Exhibit 6

(000's)

Determination of Unallocated Loss Adjustment Expense Provision

(SOURCE: COMPANY COST STATEMENTS)

ITEM		2003	2004	2005	3-year Average
(1)	Losses Paid	233,163	251,929	101,088	195,393
(2)	Changes in Unpaid Losses	139,779	222,045	379,432	247,085
(3)	Losses Incurred (1) + (2)	372,942	473,974	480,520	442,479
(4)	Allocated Loss Adjustment Expenses	72,546	104,084	127,071	101,234
(5)	Total Loss & ALAE (3) + (4)	445,488	578,058	607,591	543,712
(6)	Unallocated Loss Adjustment Expenses	3,042	5,223	1,586	3,284
(7)	Unallocated Loss Expense Ratio (6)/(5)	0.7%	0.9%	0.3%	0.6%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

A. UNEARNED PREMIUM RESERVE

1.	Other Liability Direct Earned Premium for Calendar Year 2005				\$7,038,666
2.	Mean Unearned Premium Reserve [0.572* (1)] (See Notes p. 2)				4,025,798
3.	Deduction for Prepaid Expenses (See notes p. 2)				
	a) Commission and Brokerage	17.00%			
	b) Taxes, Licenses and Fees	2.20%			
	c) 50% of Other Acquisition Expenses	2.46%			
	d) 50% of General Expenses	0.94%			
	e) Total	22.61%			
4.	Deduction for Federal Taxes Payable (See Notes p. 2)				7.0%
5.	Net Amount Subject to Investment Income [(2) x (1.000 - (3) - (4))]				2,833,817

B. DELAYED REMISSION OF PREMIUMS (Agents' Balances)

1.	Direct Earned Premium [(A.1)]				7,038,666
2.	Average Agents' Balance (See Notes pp. 2-3)				0.129
3.	Delayed Remission [(1) x (2)]				905,776

C. LOSS RESERVE:

1.	Direct Earned Premium [(A.1)]				7,038,666
2.	Expected Incurred Loss and L.A.E. Reserves	@ ELR:	0.714		5,022,835
3.	Expected Mean Loss Reserves [2.062 x (2)] (See Notes p. 3)				10,356,096

D. SURPLUS

1.	Direct Written Premium				7,095,636
2.	Surplus Subject to Investment [(D.1)/prem to surp]				4,979,394

E.	<u>NET AMOUNT SUBJECT TO INVESTMENT: [(A.5) - (B.3) + (C.3) + (D.2)]</u>				17,263,531
----	--	--	--	--	------------

F.	<u>AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes p. 4)</u>				4.87%
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G.	<u>INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [(E) x (F)]</u>				841,494
----	---	--	--	--	---------

H.	<u>AVERAGE RATE OF RETURN (As % of Direct Earned Premium) [(G) / (A.1)]</u>				11.96%
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I.	<u>AVERAGE RATE OF RETURN (After Federal Income Taxes) [(H) x 0.830]</u>				9.92%
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ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line A.1

Other Liability direct earned premium for calendar year 2005 as provided by American Home/National Union/ New Hampshire Group.

Line A.2

The mean direct unearned premium reserve is determined by multiplying the Other Liability direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 2005. See below for calculation of this ratio. This ratio is based on data for Other Liability from page 15 of the Annual Statement for American Home/National Union/ New Hampshire Group

	(In 000's)
1. Direct Earned Premium for Calendar Year 2005	\$ 7,038,666
2. Direct Unearned Premium Reserve as of 12/31/04	3,926,615
3. Direct Unearned Premium Reserve as of 12/31/05	4,124,981
4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)]	4,025,798
5. Ratio [(4) / (1)]	0.572

Line A.3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):	20.0%
Corporate Tax Rate:	35.0%
Total Percentage of Unearned Premium Reserve:	7.0%

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line B.2 (continued)

Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows:

	(In 000's)
1. Net Earned Premium for Calendar Year 2005	\$ 19,438,121
2. Net Agents' Balances as of 12/31/04	1,946,004
3. Net Agents' Balances as of 12/31/05	2,422,685
4. Mean Agents' Balances $1/2 \times [(2) + (3)]$	2,184,345
5. Ratio $[(4) / (1)]$	0.112

The above percentage must be multiplied by a factor of 1.145 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The factor 1.145 is based on 2005 company data.

Final adjusted Agents' Balance:

0.1287

Line C.2

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2004 and 2005 for Other Liability Insurance. This ratio is based on Annual Statement Data.

	(In 000's)
1. Incurred Losses and L.A.E. for Calendar Year 2004	6,191,648
2. Incurred Losses and L.A.E. for Calendar Year 2005	8,025,878
3. Loss Reserves and L.A.E. as of 12/31/03	13,907,691
4. Loss Reserves and L.A.E. as of 12/31/04	14,814,181
5. Loss Reserves and L.A.E. as of 12/31/05	18,128,359
6. Mean Loss Reserve 2004: $1/2 [(3) + (4)]$	14,360,936
7. Mean Loss Reserve 2005: $1/2 [(4) + (5)]$	16,471,270
8. Ratio $(6) / (1)$	2.319
9. Ratio $(7) / (2)$	2.052
10. Average Ratio $1/2 [(8) + (9)]$	2.186
11. Loss reserve for American Home/National Union/ New Hampshire Group, selected	2.190
12. Estimated Reserve Discount	16.7%
13. Federal Taxes Payable (% of Reserves): $(12) \times .35$	0.059
14. $(11) \times [1.0 - (13)]$	2.062

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line E

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

<u>Year</u>	Net Investment Income Earned (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
2004	1,675,232	40,092,801	4.18%
2005	1,958,547	48,226,323	4.06%
Total	3,633,779	88,319,125	4.12%

<u>Year</u>	Realized Capital Gains (or Losses) (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
1996-2005	2,319,348	307,348,351	0.75%

Total Rate of Return:

Net Investment Income Earned and Net Realized Capital Gains (or Losses)

4.87%

Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2005 for the American Home/National Union/ New Hampshire Group.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	4.12%	0.137
Net Realized Capital Gains (or Losses)	0.75%	0.350
Total	4.87%	0.170

1.000 - Federal Income Tax Rate

0.830

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line H (continued)

	Investment Income Earned		Federal Income Tax Rate
<u>Bonds</u>			
Taxable	\$ 213,405		0.350
<u>Non-Taxable</u>	<u>979,460</u>		<u>0.026</u>
Total	\$ 1,192,866	(A)	0.084
 <u>Stocks</u>			
Taxable	\$ 133,417		0.123
<u>Non-Taxable</u>	<u>199,164</u>		---
Total	\$ 332,581	(B)	0.049
 <u>Mortgage Loans and Real Estate</u>			
Mortgage Loans	\$ 0		
Real Estate	0		
Collateral Loans	0		
Cash on Deposit	0		
Short Term Investments	8,701		
<u>All Other</u>	<u>665,356</u>		
Sub-Total	\$ 674,057		0.350
 Total	\$ 2,199,504		0.160
 Investment Deductions	\$ 240,957		0.350
 Net Investment Income Earned	\$ 1,958,547		0.137

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%. $((.50 \times .15 \times .35) = .026)$

(B) 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12% $((.30 \times .35) + (.50 \times .70 \times .15 \times .35) = .123)$.

**NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE**

**Explanatory Memorandum
ARKANSAS**

New Hampshire Insurance Company is proposing to increase rates for Total Body Pac Professional Liability Insurance. The overall rate impact of the proposed changes is 58.4%.

Exhibit 1: *CALCULATION OF INDICATED RATE LEVEL CHANGE*

Ultimate developed, trended and on-level results are shown for countrywide and state loss experience for this program. Countrywide and state earned premiums have been adjusted to the state's present rate level by using the standard parallelogram method. Incurred Losses and Lae are trended to one year past the proposed effective date, in order to reflect changes in frequency and severity subsequent to the experience period. The indicated rate level change is based on a comparison of the credibility weighted loss ratio to the expected loss ratio. An offset for investment income is applied to the calculation of the target profit & contingency. The calculation of profit is based on the company's target rate of return of 15%.

Exhibit 2: *DEVELOPMENT OF REPORTED INCURRED LOSS AND LAE TO ULTIMATE*

Countrywide and state calculation of ultimate loss and LAE ratios are shown for the most recent five years. Ratios are based on calendar year earned premiums and accident year ultimate loss and LAE, including unallocated LAE (ex. 6).

Exhibit 3: *INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT*

Accident Year Loss and Allocated Loss Adjustment Expense experience for Total Body Pac Professional Liability Insurance is shown as of 9/2006, along with age to age factors and the corresponding age to ultimate development factors (exhibit 3A). Due to the volatility of the loss development data for this program, a larger database is used to select loss development factors. This is appropriate because of the homogenous nature of these claims, as well as the fact that they are all handled by the same claims specialists. In addition the program specific experience is included in exhibit 3A. These factors are then applied to the countrywide (exhibit 3B) and state (exhibit 3C) loss experience for Total Body Pac Professional Liability Insurance.

Exhibit 4: *TREND ANALYSIS*

Calculation of annual frequency/severity trend is based on the most recent policy year experience for Miscellaneous Professional Liability. The least squares method has been used to measure the average change in frequency and severity. The trend period extends from the midpoint of each accident year to one year beyond the assumed effective date.

Exhibit 5: *EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO*

Expense provisions are based on the expenses found for American Home/ National Union/ New Hampshire Group in the Other Liability Insurance Expense Exhibit. The commission expense is program specific. The expected loss & lae ratio is the complement of the total expenses and profit load. The profit & contingency factor has been calculated based on a target rate of return on equity of 15%.

Exhibit 6: *DETERMINATION OF UNALLOCATED LOSS ADJUSTMENT EXPENSE FACTOR*

The unallocated loss adjustment expense provision is determined using data from the Company cost statements for the five most recent years. The factor is expressed as a percentage of total incurred losses and allocated loss adjustment expense.

Exhibit 7: *INVESTMENT INCOME EXHIBITS*

The investment income exhibits are based on American Home/ National Union/ New Hampshire Group's Annual Statement experience and incorporate the premium and program expense provisions to determine an indicated investment income offset. The calendar year method was used to determine investment income.

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ IN 000'S)
DETERMINATION OF RATE LEVEL INDICATION

Exhibit 1

ARKANSAS

		(1)	(2)	(3)=(2)/(1)	(4)	(5)=(3)*(4)	
	Accident Year	Total Limits Premium at Present Rates (Note A)	Total Limits Ultimate Loss & LAE (Exhibit 2)	Ultimate Loss & LAE Ratio	Trend Factor (Exhibit 4) (Note B)	Trended Loss & LAE Ratio	Weight
	COUNTRYWIDE						
(1)	2001	1,772	2,209	1.246	1.888	2.353	0.10
(2)	2002	2,370	2,589	1.092	1.716	1.875	0.15
(3)	2003	2,945	7,248	2.461	1.560	3.840	0.20
(4)	2004	2,922	3,402	1.165	1.418	1.652	0.25
(5)	2005	2,957	1,988 (E)	0.672	1.289	0.867	0.30

ARKANSAS

(1)	2001	5	0	0.000	1.888	0.000	0.10
(2)	2002	8	0	0.000	1.716	0.000	0.15
(3)	2003	14	0	0.000	1.560	0.000	0.20
(4)	2004	11	0	0.000	1.418	0.000	0.25
(5)	2005	10	5 (E)	0.455	1.289	0.586	0.30

		<u>ARKANSAS</u>	<u>CW</u>
(6)	Weighted Average Ultimate Trended Loss and LAE Ratio	0.176	1.957
(6a)	Credibility Weights (Note C):	0.000	0.000
(6b)	Credibility Weighted Ultimate Loss & LAE Ratio (Note D):	1.130	
(7)	Target Loss & LAE Ratio [Exhibit 5]	0.714	
(8)	Indicated Rate Level Change [(6b)/7] - 1	58.4%	
(9)	Selected Rate Level Change	58.4%	

NOTES:

- (A) The calculation of premium at present rates is done using the parallelogram method.
 (B) Trend periods extend from the midpoint of each accident year to one year past the assumed effective date. (Exh 4).
 (C) The credibility standard is 683 claims for the experience period.
 State Credibility = Square Root(Sum of state claims/683)
 CW Credibility = Square Root(Sum of CW claims/683)
 (D) Credibility Weighted Ultimate Loss & LAE Ratio =
 [State(6)*State(6a) + CW(6)*CW(6a) + {1 - State (6a) - CW(6a)} * Trended ELR]
 (E) Bornheutter-Ferguson Methodology used to develop ultimate loss & lae, i.e.,
 Ultimate Loss & LAE=EPXELRX[1-1/LDF] + reported incurred loss & lae

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ in 000'S)
ARKANSAS

Exhibit 1A

Derivation of the Overall Rate Change

	(1) Average Current Rate	(2) Proposed Rate	(3) Percentage Increase	(4) Countrywide Written Premium	(5) Premium Weight
Tattoo Artist	797	815	2.2%	N/A	
Body Piercing	683	759	11.1%	N/A	
Tattoo Artist/Body Piercing (Combined)*	740	787	6.3%	242	9.4%
Micropigmentation Artist	525	800	52.5%	1,147	44.5%
Electrologists	158	257	62.6%	129	5.0%
Aestheticians	158	281	77.8%	514	19.9%
Masseuse	158	281	77.8%	386	15.0%
Beauticians/Manicurist	87	144	66.7%	162	6.3%

Overall Rate change

58%

*Written premium was not available broken out by Tattoo and Body Piercing.

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ IN 000'S)

Exhibit 2

DETERMINATION OF ULTIMATE LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS

ARKANSAS

	(1)	(2)	(3)	(4)=(2)*(3)	(5)=(4)/(1)
Accident Year	Total Limits Earned Premium	Total Limits Reported Incurred Loss & ALAE (Exhibit 3B)	Loss Development Factors (Exhibit 3A)	Ultimate Loss & L.A.E. (Incl. 0.6% Unalloc L.A.E.)	Ultimate Loss & L.A.E. Ratio
COUNTRYWIDE					
2001	1,546	1,879	1.168	2,209	1.428
2002	2,105	2,061	1.248	2,589	1.230
2003	2,828	5,106	1.411	7,248	2.563
2004	2,904	1,914	1.767	3,402	1.172
2005	2,956	640	2.726	1,756	0.594
Total	12,339	11,600		17,204	1.394

ARKANSAS

2001	5	0	1.168	0	0.000
2002	7	0	1.248	0	0.000
2003	14	0	1.411	0	0.000
2004	11	0	1.767	0	0.000
2005	10	0	2.726	0	0.000
Total	47	0		0	0.000

NEW HAMPSHIRE INSURANCE COMPANY
MISCELLANEOUS PROFESSIONAL LIABILITY
(\$ in 000'S)
COUNTRYWIDE

Exhibit 3A

TOTAL LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 9/2006

Accident Year	9	21	33	45	57	69	81	93	105	117	129	141	153	165	177	189	201	213	225	237
1987	314	3,760	9,018	12,492	16,267	17,393	18,421	21,455	21,719	21,713	21,794	22,253	22,431	22,965	22,906	22,764	22,875	22,881	22,882	22,882
1988	917	5,151	10,307	15,934	21,694	23,077	25,159	26,206	27,164	27,310	27,697	28,174	28,413	28,321	28,360	28,329	28,306	28,299	28,300	
1989	1,784	7,255	13,164	19,698	21,769	22,573	23,628	24,180	24,886	25,358	25,602	25,698	25,801	25,846	25,832	25,833	25,846	25,850		
1990	848	5,561	12,524	18,085	19,520	20,621	22,871	23,358	23,355	23,447	23,281	23,306	24,055	24,251	26,117	26,084	26,084			
1991	1,427	6,212	13,612	15,662	17,566	19,905	19,878	20,193	19,502	19,870	19,955	20,420	21,717	23,284	26,343	20,541				
1992	1,732	10,485	15,144	17,983	18,790	20,175	20,342	20,525	20,476	20,997	21,273	21,271	21,328	21,288	21,716					
1993	3,493	11,155	14,513	18,244	17,074	16,795	16,305	17,224	17,740	18,058	18,695	18,704	19,647	19,628						
1994	5,181	16,330	23,995	35,326	37,803	38,592	43,358	42,832	43,043	42,698	42,671	42,667	42,673							
1995	4,020	12,432	20,625	24,067	26,611	29,123	29,424	29,957	30,564	34,476	35,039	34,929								
1996	3,618	10,379	14,624	19,557	20,684	22,126	22,279	22,071	22,041	21,954	22,034									
1997	3,847	12,178	16,625	21,161	21,107	22,150	22,065	23,526	23,686	23,764										
1998	4,298	14,084	20,042	24,413	32,675	34,571	36,054	36,472	36,103											
1999	4,498	13,574	19,363	25,025	26,705	29,282	30,203	31,204												
2000	5,058	17,578	27,836	32,145	35,928	38,697	40,279													
2001	11,148	29,423	42,309	49,472	55,799	58,563														
2002	13,381	34,565	49,331	66,644	75,865															
2003	11,990	37,223	66,331	81,729																
2004	19,508	57,616	83,954																	
2005	28,417	80,825																		
2006	30,974																			

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE DEVELOPMENT

Accident Year	9-21	21-33	33-45	45-57	57-69	69-81	81-93	93-105	105-117	117-129	129-141	141-153	153-165	165-177	177-189	189-201	201-213	213-225	225-237
1987	11.975	2.398	1.385	1.302	1.069	1.059	1.165	1.012	1.000	1.004	1.021	1.008	1.024	0.997	0.994	1.005	1.000	1.000	1.000
1988	5.617	2.001	1.546	1.361	1.064	1.090	1.042	1.037	1.005	1.014	1.017	1.008	0.997	1.001	0.999	0.999	1.000	1.000	
1989	4.067	1.814	1.496	1.105	1.037	1.047	1.023	1.029	1.019	1.010	1.004	1.004	1.002	0.999	1.000	1.001	1.000		
1990	6.558	2.252	1.444	1.079	1.056	1.109	1.021	1.000	1.004	0.993	1.001	1.032	1.008	1.077	0.999	1.000			
1991	4.353	2.191	1.151	1.122	1.133	0.999	1.016	0.966	1.019	1.004	1.023	1.064	1.072	1.131	0.780				
1992	6.054	1.444	1.187	1.045	1.074	1.008	1.009	0.998	1.025	1.013	1.000	1.003	0.998	1.020					
1993	3.194	1.301	1.257	0.936	0.984	0.971	1.056	1.030	1.018	1.035	1.000	1.050	0.999						
1994	3.152	1.469	1.472	1.070	1.021	1.123	0.988	1.005	0.992	0.999	1.000	1.000							
1995	3.093	1.659	1.167	1.106	1.094	1.010	1.018	1.020	1.128	1.016	0.997								
1996	2.869	1.409	1.337	1.058	1.070	1.007	0.991	0.999	0.996	1.004									
1997	3.166	1.365	1.273	0.997	1.049	0.996	1.066	1.007	1.003										
1998	3.277	1.423	1.218	1.338	1.058	1.043	1.012	0.990											
1999	3.018	1.426	1.292	1.067	1.096	1.031	1.033												
2000	3.475	1.584	1.155	1.118	1.077	1.041													
2001	2.639	1.438	1.169	1.128	1.050														
2002	2.583	1.427	1.351	1.138															
2003	3.105	1.782	1.232																
2004	2.953	1.457																	
2005	2.844																		
Weighted Average	3.075	1.552	1.278	1.120	1.061	1.043	1.028	1.007	1.020	1.008	1.006	1.018	1.013	1.036	0.954	1.001	1.000	1.000	1.000
4 Yr Wtd Average	2.868	1.523	1.238	1.121	1.066	1.031	1.024	1.003	1.030	1.011	0.999	1.022	1.020	1.056	0.945	1.001			
3 Yr Wtd Average	2.932	1.543	1.252	1.130	1.068	1.039	1.033	0.997	1.051	1.006	0.999	1.012	1.024	1.078	0.925	1.000	1.000		
2 Yr Wtd Average	2.889	1.585	1.283	1.134	1.060	1.037	1.021	0.997	1.000	1.011	0.999	1.015	0.999	1.078	0.889	1.000	1.000	1.000	
Selected Age-to-Age Ultimate Factors		1.543	1.252	1.130	1.068	1.039	1.033	0.997	1.051	1.006	0.999	1.012	1.024	1.078	0.925	1.000	1.000	1.000	1.000
		2.726	1.767	1.411	1.248	1.168	1.125	1.089	1.092	1.039	1.033	1.034	1.021	0.997	0.925	1.000	1.000	1.000	

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
(\$ in 000'S)
COUNTRYWIDE

Exhibit 3B

TOTAL LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 9/2006

Accident Year	9	21	33	45	57	69	81	93	105	117
1997	0	0	0	0	0	0	0	0	0	0
1998	2	19	69	188	215	216	216	216	216	
1999	28	153	578	1,019	1,703	1,839	1,826	1,826		
2000	50	546	1,815	1,370	1,207	1,187	1,188			
2001	1,976	900	1,007	1,703	1,880	1,879				
2002	200	656	1,157	1,838	2,061					
2003	268	1,244	3,082	5,106						
2004	365	1,077	1,914							
2005	201	640								
2006	299									

1999

Accident Year	34565	49331	66644	75865	0	0	0	0	0
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	12.498	3.612	2.709	1.143	1.009	1.000	1.000	1.000	
1999	5.421	3.785	1.761	1.672	1.079	0.993	1.000		
2000	10.882	3.325	0.755	0.881	0.983	1.000			
2001	0.456	1.118	1.691	1.104	1.000				
2002	3.287	1.763	1.589	1.122					
2003	4.642	2.479	1.656						
2004	2.952	1.777							
2005	3.186								
2006									

4 Yr Average	3.501	1.847	1.419	1.155	1.023	0.996			
3 Yr Average	3.552	2.067	1.648	1.048	1.024	0.996	1.000		
2 Yr Average	3.035	2.153	1.638	1.113	0.993	0.996	1.000	1.000	

Exhibit 3C

TOTAL LIMITS INCURRED LOSSES & LOSS ADJUSTMENT EXPENSE AS OF 9/2006[illegible][illegible]

American Home/National Union/New Hampshire Group

Exhibit 4

MISCELLANEOUS PROFESSIONAL LIABILITY Calculation of Annual Trend Factor

Countrywide as of 9/2006

Total Limits Frequency Trend

(1)	(2)	(3)	(2)/(3)	(4)
Policy Year	Ultimate Closed Claims	Number of Policies	Closed Claims Per 100 Policies	Exponential Curve of Best Fit
1995	1,176	77,494	1.51754	1.29563
1996	1,066	78,297	1.36157	1.46477
1997	1,256	79,929	1.57202	1.65598
1998	1,356	80,654	1.68135	1.87215
1999	1,524	82,492	1.84753	2.11655
2000	2,242	86,801	2.58275	2.39284
2001	2,892	90,541	3.19400	2.70521
2002	3,116	94,400	3.30074	3.05835
2003	3,070	98,684	3.11055	3.45759
2004	4,730	121,309	3.89907	3.90895

Average Annual Change in Claim Frequency [R Squared = 0.91626552] 13.05%

Selected Annual Frequency Trend 10.00%

Total Limits Severity Trend

(1)	(2)	(3)	(3)/(2)	(4)
Policy Year	Ultimate Closed Claims	Ultimate Paid Losses	Ultimate Paid Losses per Claim	Exponential Curve of Best Fit
1995	1,176	16,843,538	14322.7	12908.3
1996	1,066	12,444,497	11673.3	13439.0
1997	1,256	17,828,237	14188.8	13991.5
1998	1,356	24,221,183	17861.2	14566.8
1999	1,524	20,071,413	13169.7	15165.7
2000	2,242	31,268,750	13947.7	15789.2
2001	2,892	41,473,373	14341.3	16438.4
2002	3,116	63,437,785	20359.4	17114.2
2003	3,070	62,501,204	20361.2	17817.9
2004	4,730	80,472,660	17013.5	18550.4

Average Annual Change in Claim Severity [R Squared = 0.42424054] 4.11%

Selected Annual Severity Trend 0.00%

OVERALL COMBINED TREND [Frequency x Severity] 10.00%

NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE

Exhibit 5

Derivation of Expected Loss Ratio

(1) Target rate of return on equity			15.0%
(2) Premium to Surplus Ratio			129.0%
(3) Target rate of return on premium			11.6%
[(1)/(2)]			
(4) Rate of return on premium			9.9%
(5) Target underwriting profit (loss)			2.6%
[(3)-(4)/.65]			
(6) Total Expenses			26.0%
	a. Commissions	17.00%	
	b. Other Acquisition	4.93%	
	c. General Expenses	1.89%	
	d. Taxes, Licenses & Fees	2.20%	
<hr/>			
(7) Expected Loss Ratio			71.4%
[1-(6)-(5)]			

AMERICAN HOME/NATIONAL UNION/NEW HAMPSHIRE GROUP

Exhibit 6

(000's)

Determination of Unallocated Loss Adjustment Expense Provision

(SOURCE: COMPANY COST STATEMENTS)

ITEM		2003	2004	2005	3-year Average
(1)	Losses Paid	233,163	251,929	101,088	195,393
(2)	Changes in Unpaid Losses	139,779	222,045	379,432	247,085
(3)	Losses Incurred (1) + (2)	372,942	473,974	480,520	442,479
(4)	Allocated Loss Adjustment Expenses	72,546	104,084	127,071	101,234
(5)	Total Loss & ALAE (3) + (4)	445,488	578,058	607,591	543,712
(6)	Unallocated Loss Adjustment Expenses	3,042	5,223	1,586	3,284
(7)	Unallocated Loss Expense Ratio (6)/(5)	0.7%	0.9%	0.3%	0.6%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

A. UNEARNED PREMIUM RESERVE

1.	Other Liability Direct Earned Premium for Calendar Year 2005				\$7,038,666
2.	Mean Unearned Premium Reserve [0.572* (1)] (See Notes p. 2)				4,025,798
3.	Deduction for Prepaid Expenses (See notes p. 2)				
	a) Commission and Brokerage	17.00%			
	b) Taxes, Licenses and Fees	2.20%			
	c) 50% of Other Acquisition Expenses	2.46%			
	d) 50% of General Expenses	0.94%			
	e) Total	22.61%			
4.	Deduction for Federal Taxes Payable (See Notes p. 2)				7.0%
5.	Net Amount Subject to Investment Income [(2) x (1.000 - (3) - (4))]				2,833,817

B. DELAYED REMISSION OF PREMIUMS (Agents' Balances)

1.	Direct Earned Premium [(A.1)]				7,038,666
2.	Average Agents' Balance (See Notes pp. 2-3)				0.129
3.	Delayed Remission [(1) x (2)]				905,776

C. LOSS RESERVE:

1.	Direct Earned Premium [(A.1)]				7,038,666
2.	Expected Incurred Loss and L.A.E. Reserves	@ ELR:	0.714		5,022,835
3.	Expected Mean Loss Reserves [2.062 x (2)] (See Notes p. 3)				10,356,096

D. SURPLUS

1.	Direct Written Premium				7,095,636
2.	Surplus Subject to Investment [(D.1)/prem to surp]				4,979,394

E.	<u>NET AMOUNT SUBJECT TO INVESTMENT: [(A.5) - (B.3) + (C.3) + (D.2)]</u>				17,263,531
----	---	--	--	--	------------

F.	<u>AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes p. 4)</u>				4.87%
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G.	<u>INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [(E) x (F)]</u>				841,494
----	---	--	--	--	---------

H.	<u>AVERAGE RATE OF RETURN (As % of Direct Earned Premium) [(G) / (A.1)]</u>				11.96%
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I.	<u>AVERAGE RATE OF RETURN (After Federal Income Taxes) [(H) x 0.830]</u>				9.92%
----	--	--	--	--	-------

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line A.1

Other Liability direct earned premium for calendar year 2005 as provided by American Home/National Union/ New Hampshire Group.

Line A.2

The mean direct unearned premium reserve is determined by multiplying the Other Liability direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 2005. See below for calculation of this ratio. This ratio is based on data for Other Liability from page 15 of the Annual Statement for American Home/National Union/ New Hampshire Group

	(In 000's)
1. Direct Earned Premium for Calendar Year 2005	\$ 7,038,666
2. Direct Unearned Premium Reserve as of 12/31/04	3,926,615
3. Direct Unearned Premium Reserve as of 12/31/05	4,124,981
4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)]	4,025,798
5. Ratio [(4) / (1)]	0.572

Line A.3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):	20.0%
Corporate Tax Rate:	35.0%
Total Percentage of Unearned Premium Reserve:	7.0%

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line B.2 (continued)

Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows:

	(In 000's)
1. Net Earned Premium for Calendar Year 2005	\$ 19,438,121
2. Net Agents' Balances as of 12/31/04	1,946,004
3. Net Agents' Balances as of 12/31/05	2,422,685
4. Mean Agents' Balances $1/2 \times [(2) + (3)]$	2,184,345
5. Ratio $[(4) / (1)]$	0.112

The above percentage must be multiplied by a factor of 1.145 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The factor 1.145 is based on 2005 company data.

Final adjusted Agents' Balance:

0.1287

Line C.2

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2004 and 2005 for Other Liability Insurance. This ratio is based on Annual Statement Data.

	(In 000's)
1. Incurred Losses and L.A.E. for Calendar Year 2004	6,191,648
2. Incurred Losses and L.A.E. for Calendar Year 2005	8,025,878
3. Loss Reserves and L.A.E. as of 12/31/03	13,907,691
4. Loss Reserves and L.A.E. as of 12/31/04	14,814,181
5. Loss Reserves and L.A.E. as of 12/31/05	18,128,359
6. Mean Loss Reserve 2004: $1/2 [(3) + (4)]$	14,360,936
7. Mean Loss Reserve 2005: $1/2 [(4) + (5)]$	16,471,270
8. Ratio $(6) / (1)$	2.319
9. Ratio $(7) / (2)$	2.052
10. Average Ratio $1/2 [(8) + (9)]$	2.186
11. Loss reserve for American Home/National Union/ New Hampshire Group, selected	2.190
12. Estimated Reserve Discount	16.7%
13. Federal Taxes Payable (% of Reserves): $(12) \times .35$	0.059
14. $(11) \times [1.0 - (13)]$	2.062

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line E

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

<u>Year</u>	Net Investment Income Earned (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
2004	1,675,232	40,092,801	4.18%
2005	1,958,547	48,226,323	4.06%
Total	3,633,779	88,319,125	4.12%

<u>Year</u>	Realized Capital Gains (or Losses) (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
1996-2005	2,319,348	307,348,351	0.75%

Total Rate of Return:

Net Investment Income Earned and Net Realized Capital Gains (or Losses)

4.87%

Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2005 for the American Home/National Union/ New Hampshire Group.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	4.12%	0.137
Net Realized Capital Gains (or Losses)	0.75%	0.350
Total	4.87%	0.170

1.000 - Federal Income Tax Rate

0.830

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

Other Liability

Line H (continued)

	Investment Income Earned		Federal Income Tax Rate
<u>Bonds</u>			
Taxable	\$ 213,405		0.350
<u>Non-Taxable</u>	<u>979,460</u>		<u>0.026</u>
Total	\$ 1,192,866	(A)	0.084
<u>Stocks</u>			
Taxable	\$ 133,417		0.123
<u>Non-Taxable</u>	<u>199,164</u>		---
Total	\$ 332,581	(B)	0.049
<u>Mortgage Loans and Real Estate</u>			
Mortgage Loans	\$ 0		
Real Estate	0		
Collateral Loans	0		
Cash on Deposit	0		
Short Term Investments	8,701		
<u>All Other</u>	<u>665,356</u>		
Sub-Total	\$ 674,057		0.350
Total	\$ 2,199,504		0.160
Investment Deductions	\$ 240,957		0.350
Net Investment Income Earned	\$ 1,958,547		0.137

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%. $((.50 \times .15 \times .35) = .026)$

(B) 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12% $((.30 \times .35) + (.50 \times .70 \times .15 \times .35) = .123)$.

**NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
ARKANSAS**

ARKANSAS

I. Base Rates

<u>Classification</u>	<u>Per Person</u>
Aesthetician	\$281
Masseuse	\$281
Body Wrap Technicians	\$281
Manicurist	\$144
Beauticians	\$144
Electrologists	\$257
Pilates Instructor	\$158
Yoga Instructor	\$158
Fitness Instructor	\$158
Aerobic Instructor	\$158
Tattoo Artist	\$815
Body Piercing	\$759
Micropigmentation Artist	\$800
Micropigmentation Trainer	\$2,339
Student - Micropigmentation, Aestheticians or Electrologist	\$68

II. Additional Charges

<u>Classification</u>	<u>Rate Per Unit</u>
Tanning Beds/Booths	\$316
Hydrotherapy Table/Tub	\$158
Exercise Equipment	\$158

III. Additional Coverages

<u>Description</u>	<u>Factor</u>
Prior Acts Coverage	1.50

IV. Limits of Liability and Deductibles

<u>Limits of Liability</u>	<u>Factor</u>
\$500,000/\$500,000	0.758
\$1,000,000/\$2,000,000	1.000

<u>Deductibles</u>	<u>Factor</u>
\$1,000	0.92
\$2,500	0.88
\$5,000	0.80

Minimum Deductibles:

<u>Classification</u>	<u>Deductible</u>
Micropigmentation	\$100
Body Piercing	\$100
Tattoo	\$250

TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE

V. Rate Modification Factors

1. Micropigmentation Coverage Only: If the applicant provides with their application a copy of the certificate of graduation from a recognized school they will qualify for a 10% discount on their professional liability premium. Since the schools tend to change with some frequency, the Program Administrator and Company will maintain a list.
2. Body Piercing Coverage Only: If the applicant is a member of the Association of Professional Piercers, they will qualify for a 10% discount on their professional liability premium.
3. Tattoo Coverage Only: If the applicant is a member of the Association of Professional Tattooists, they will qualify for a 10% discount on their professional liability premium.

VI. Schedule Rating

Claims Frequency	.75 - 1.25
Claims Severity	.75 - 1.25
Laundry Service Used	.90 - 1.10
Private Label Products Used	.90 - 1.10
Longevity of Business	.80 - 1.20
Continuing Education	.90 - 1.10
Staff: Receipts Ratio	.85 - 1.15
Client Visit Records	.90 - 1.10

Maximum Debit/Credit 25%

VII. Minimum Policy Premium

Individuals Policy	\$250
Entity Policy	\$500

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking # AIC-06-EO-24					
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A				
3.	A.	<table border="1"> <tr> <td>Company Name</td> <td>Company NAIC Number</td> </tr> <tr> <td>New Hampshire Insurance Company</td> <td>23841</td> </tr> </table>	Company Name	Company NAIC Number	New Hampshire Insurance Company	23841
Company Name	Company NAIC Number					
New Hampshire Insurance Company	23841					
4.	A.	<table border="1"> <tr> <td>Product Coding Matrix Line of Business (i.e., Type of Insurance)</td> <td>Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)</td> </tr> <tr> <td>17-2 Other Liability - Occurrence</td> <td>17.2019 Professional Errors and Omissions Liability</td> </tr> </table>	Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	17-2 Other Liability - Occurrence	17.2019 Professional Errors and Omissions Liability
Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)					
17-2 Other Liability - Occurrence	17.2019 Professional Errors and Omissions Liability					

(A)		(B)	(C)	FOR LOSS COSTS ONLY			
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (if Applicable)	(H) Co. Current Loss Cost Multiplier
Total Body Pac PL Insurance Program	58.4%	58.4%					
TOTAL OVERALL EFFECT	58.4%	58.4%	N/A	N/A	N/A	N/A	N/A

6.		5 Year History		Rate Change History				7.	
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio	Expense Constants	Selected Provisions
2001	9			5	0	0.000	1.246	A. Total Production Expense	21.9%
2002	20	15.0%	05/05/02	8	0	0.000	1.092	B. General Expense	1.9%
2003	20			14	0	0.000	2.461	C. Taxes, License & Fees	2.2%
2004	17			11	0	0.000	1.165	D. Underwriting Profit & Contingencies	2.6%
2005	20			10	5	0.455	0.672	E. Other (explain)	
								F. TOTAL	28.6%

8. Apply Lost Cost Factors to Future filings? (Y or N)
9. Estimated Maximum Rate Increase for any Insured (%): 77.8%
10. Estimated Maximum Rate Decrease for any Insured (%):

**NEW HAMPSHIRE INSURANCE COMPANY
TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE
ARKANSAS**

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<u>Classification</u>	<u>Per Person</u>
Aesthetician	\$211
Masseuse	\$211
Body Wrap Technicians	\$211
Manicurist	\$111
Beauticians	\$111
Electrologists	\$200
Pilates Instructor	\$133
Yoga Instructor	\$133
Fitness Instructor	\$133
Aerobic Instructor	\$133
Tattoo Artist	\$805
Body Piercing	\$715
Micropigmentation Artist	\$643
Micropigmentation Trainer	\$2,145
Student - Micropigmentation, Aestheticians or Electrologist	\$62

II. Additional Charges

<u>Classification</u>	<u>Rate Per Unit</u>
Tanning Beds/Booths	\$267
Hydrotherapy Table/Tub	\$133
Exercise Equipment	\$133

III. Additional Coverages

<u>Description</u>	<u>Factor</u>
Prior Acts Coverage	1.50

IV. Limits of Liability and Deductibles

<u>Limits of Liability</u>	<u>Factor</u>
\$500,000/\$500,000	0.758
\$1,000,000/\$2,000,000	1.000

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\$1,000	0.92
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Minimum Deductibles:

<u>Classification</u>	<u>Deductible</u>
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Body Piercing	\$100
Tattoo	\$250

TOTAL BODY PAC PROFESSIONAL LIABILITY INSURANCE

V. Rate Modification Factors

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Individuals Policy	\$250
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